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GENERAL

1. Analysis of Soviet note on CFM--In the opinion of US Embassy Moscow, the latest Soviet note on the Conference of Foreign Ministers adheres, for propaganda purposes, to the narrow limits of the original Soviet proposal and "tends to clarify" the Soviet intention to insist that German demilitarization be the first matter discussed. The Embassy also believes that the reference to the Potsdam Protocol indicates a Soviet desire to restrict the scope of the discussions to Germany and possibly Austria.

The Conference of US Ambassadors currently meeting in Frankfurt believes that the attack in the Soviet note on the general build-up of Western defense, as contrasted to German rearmament alone, gives the Western allies an excellent opportunity to respond vigorously, placing the matter in its proper perspective and turning attention to the general aggressive attitude of the USSR and the excessive Soviet military strength in being. The Conference thinks the time has arrived for a positive approach which clearly identifies the basic causes of tension and places full responsibility on the USSR. Such an approach should make it clear that any questions involving Germany, including demilitarization, must be dealt with in relation to these basic causes of world tension.

2. British views on Chinese Communist intentions--According to US Embassy London, the British Charge in Peiping has informed his government that on 3 February Chou En-lai told Indian Ambassador Pannikar that: (a) the US did not realize the seriousness of what it had done by sponsoring the UN resolution condemning the Chinese Communists as

State Dept. review completed

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aggressors; (b) the conflict is now likely to spread; and (c) as long as the Chinese Communists are branded as aggressors, Peiping will have nothing to do with the UN Good Offices Committee. The British Foreign Office is inclined to believe that Chou is merely engaging in more propaganda aimed at widening the rift between India and the US. The Embassy notes, however, that the British seemed uneasy lest Chou "really meant what he said," especially with regard to the spread of hostilities. As possible indications of more active Chinese participation in Indochina, the British cited the apparent failure of the recent Viet Minh offensive, concentration of Chinese troops along the Indochinese border, and the relaxation of Chinese military pressure in Korea.

EUROPE

3. YUGOSLAVIA: Decision to seek arms from West--US Ambassador Allen expresses the opinion that the Yugoslavs have made the basic decision to seek substantial military aid from the West but that their initial efforts will be to obtain supplies through commercial credits. Allen states it is evident that negotiations or feelers are going on in several places and that the Yugoslavs are trying indirectly to find out what they can obtain; he believes the Yugoslavs will make a more direct approach if they fail to obtain arms through commercial channels. Allen feels it is preferable to wait until the Yugoslavs make a direct request, because negotiations on Western initiative would obligate the West to furnish "more supplies more rapidly" than would be feasible.

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4. **GERMANY:** Current thinking on East-West German talks-- According to the US High Commission in Bonn, it now appears that the Federal Republic will soon decline the latest East German proposal for East-West German negotiations on unification and will appeal to the four Occupation Powers for free all-German elections. Most West German leaders believe that any reply which would contemplate talks would be most dangerous, in that once the talks began the East German delegates would not only have a first class platform for their propaganda but an excellent opportunity for delaying a final decision on German defense. These leaders also now doubt that the majority of West Germans would urge acceptance of East-West German talks prior to free elections in East Germany. In the Commission's view, most West Germans are still "unconcerned, undecided, or skeptical" over the specific issue of the necessity of meeting with the East Germans.

5. **ITALY:** Reported change in Communist policy--US Embassy Rome expresses the view that the recent speech given by Communist leader Secchia may mark a turning point in Communist Party policy in Italy which would bring Italian Communism into line with Soviet "proletarian internationalism" and away from the "nationalist" line which the Italian Party has been following. The Embassy also believes the speech may indicate that Moscow has realized that the Italian Communist Party must be "Bolshevized" because it contains too many opportunists, real patriots, and undisciplined members who have given the party "quantity" but not, in the eyes of the Kremlin, "quality." The Embassy has been told

if the present Italian Government continues in the democratic tradition under De Gasperi, the Party is likely to undergo considerable disintegration, particularly if a nationalist Communist movement should emerge.

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6. **CZECHOSLOVAKIA:** Communist purge reportedly under way--
US Legation Vienna has been informed [redacted] that Czechoslovak President Gottwald is under sharp police surveillance and tension is high among the Czechoslovak people, with large numbers of officials and private individuals being arrested daily. [redacted] Soviet Deputy Foreign Minister Valeri Zorin, who allegedly engineered the Communist coup in Czechoslovakia in 1948, is now on a secret visit to Prague.

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7. **INDOCHINA:** Indonesians reportedly attempt mediation--
US Embassy Manila has learned [redacted] that the Indonesian representative in Rangoon had been instructed to approach representatives of Ho Chi Minh to ascertain whether any useful steps could be taken to bring about an understanding or basis for peace between Ho Chi Minh and Bao Dai. The Embassy understands that up to the present no reply has been received to the Indonesian approach. Meanwhile, US Embassy Rangoon has been told by a Burmese politician that the Viet Minh recently expressed interest in mediation with the French and that Ho Chi Minh's terms of reference are expected soon. The Embassy believes these negotiations were begun on the initiative of the Indonesian Ambassador in Rangoon.

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